

House Study Bill 584 - Introduced

HOUSE FILE _____

BY (PROPOSED COMMITTEE ON
STATE GOVERNMENT BILL BY
CHAIRPERSON KAUFMANN)

A BILL FOR

1 An Act authorizing savings promotion drawings under specified
2 conditions, and making penalties applicable.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 99B.1, Code 2022, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 15A. "*Financial institution*" means a state
4 or federally chartered credit union as defined in section
5 533.102 or a state or federally chartered bank as defined in
6 section 524.103, which is located in this state and which
7 receives money for deposit.

8 Sec. 2. Section 99B.1, subsection 28, Code 2022, is amended
9 to read as follows:

10 28. "*Raffle*" means a lottery in which each participant buys
11 an entry for a chance at a prize with the winner determined by
12 a random method and the winner is not required to be present to
13 win. "*Raffle*" does not include a slot machine. "*Raffle*" does
14 not include a savings promotion drawing.

15 Sec. 3. Section 99B.1, Code 2022, is amended by adding the
16 following new subsection:

17 NEW SUBSECTION. 28A. "*Savings promotion drawing*" means a
18 drawing conducted by a financial institution or a group of
19 financial institutions in which a designated prize or prizes
20 may be won by the deposit of a specified amount of money in a
21 savings account, time deposit, or other savings program offered
22 through that financial institution or group of financial
23 institutions.

24 Sec. 4. NEW SECTION. 99B.63 **Savings promotion drawings.**

25 1. For purposes of this section, "*participant*" means a
26 person who is at least eighteen years of age and who has opened
27 a savings promotion drawing account at a financial institution.

28 2. A savings promotion drawing may lawfully be conducted
29 by a financial institution or group of financial institutions
30 without a license under this chapter if all of the following
31 conditions are met:

32 a. The savings promotion drawing includes the distribution
33 of the financial institution's savings promotion drawing rules
34 to all participants in the savings promotion drawing.

35 b. The savings promotion drawing is open to all participants

1 as provided in the rules established for the savings promotion
2 drawing by the financial institution conducting the savings
3 promotion drawing. A savings promotion drawing shall not be
4 open to members of the public who are not participants pursuant
5 to the savings promotion drawing rules of the financial
6 institution. A participant shall not submit more than ten
7 entries for participation in a savings promotion drawing in a
8 calendar month.

9 c. The financial institution conducting the savings
10 promotion drawing maintains records regarding the savings
11 promotion drawing and the number of participants.

d. The savings promotion drawing is conducted in a fair and honest manner. The financial institution shall not conduct a savings promotion drawing in a manner that jeopardizes the financial institution's safety and financial soundness or misleads its participants.

17 e. The financial institution conducting the savings
18 promotion drawing does not charge a fee to a participant to
19 withdraw money from the participant's savings promotion drawing
20 account.

3. Prizes awarded in a savings promotion drawing may be in cash or any other form of property. A financial institution shall not award a monthly prize in a savings promotion drawing that exceeds two hundred fifty dollars in value. A financial institution shall not award a quarterly prize in a savings promotion drawing that exceeds five thousand dollars in value. A financial institution shall not award an annual prize in a savings promotion drawing that exceeds ten thousand dollars in value.

30 4. A financial institution or group of financial
31 institutions may compensate employees of the financial
32 institution, or may hire a third-party operator, to conduct a
33 savings promotion drawing pursuant to this section.

EXPLANATION

35 The inclusion of this explanation does not constitute agreement with

1 the explanation's substance by the members of the general assembly.

2 This bill allows a financial institution or multiple
3 financial institutions to conduct savings promotion drawings
4 without a license under specified conditions.

5 The bill defines "financial institution" to mean a state or
6 federally chartered credit union or bank which is located in
7 Iowa and which receives money for deposit. The bill defines
8 "savings promotion drawing" to mean a drawing conducted by a
9 financial institution or group of financial institutions in
10 which a designated prize or prizes may be won by the deposit of
11 a specified amount of money in a savings account, time deposit,
12 or other savings program. The bill defines "participant" to
13 mean a person who is at least 18 years of age and who has opened
14 a savings promotion drawing account at a financial institution.

15 The bill allows a financial institution or group of
16 financial institutions to conduct a savings promotion drawing
17 without licensure if all of the following conditions are
18 met: the drawing includes the distribution of the financial
19 institution's drawing rules to all participants; the drawing
20 is open to all participants as provided in the drawing rules,
21 but must not be open to members of the public who are not
22 participants pursuant to the drawing rules; participants
23 shall not submit more than 10 entries for participation in a
24 savings promotion drawing in a calendar month; the financial
25 institution maintains records regarding the drawing and the
26 number of participants; the financial institution does not
27 charge a fee to a participant withdrawing money from the
28 participant's promotion account and the drawing is conducted in
29 a fair and honest manner, without jeopardizing the financial
30 institution's safety and financial soundness or misleading its
31 participants.

32 The bill provides that prizes awarded in a savings promotion
33 drawing may be in cash or any other form of property. A
34 financial institution shall not award a monthly prize in
35 a savings promotion drawing that exceeds \$250 in value, a

1 quarterly prize that exceeds \$5,000 in value, or an annual
2 prize that exceeds \$10,000 in value. The bill provides that a
3 financial institution may compensate employees of the financial
4 institution, or may hire a third-party operator, to conduct a
5 drawing.

6 Under Code section 99B.4, a person who knowingly fails to
7 comply with Code chapter 99B commits a serious misdemeanor. A
8 serious misdemeanor is punishable by confinement for no more
9 than one year and a fine of at least \$430 but not more than
10 \$2,560.